Iowa Telecommunications Association

Notice of Ex Parte Presentation

August 1, 2013

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90, *High-Cost Universal Service Support*, WC Docket No. 05-337

Dear Ms. Dortch:

On July 30, 2013, representatives of the Iowa Telecommunications Association (Roxanne White, Evertek; Joe Snyder, CMTEL; Mark Harvey, Farmers Cooperative Telephone Company; Janell Hansen, Marne & Elk Horn Telephone, Joe Hrdlicka and I from ITA – all referred to as the "ITA Delegation") met with Priscilla Delgado Argeris, Legal Advisor to Commissioner Jessica Rosenworcel, and on July 31st the ITA Delegation met with Rebekah Goodheart, Wireline Legal Advisor for Commissioner Mignon Clyburn and Travis Litman, Assistant Chief Telecommunications Access Policy Division, Wireline Competition Bureau. A copy of the materials shared with Commission staff during these meetings is attached.

The purpose of these meetings was to discuss the need for the Commission to make changes to the USF rules in order to stimulate new investment by small, rural carriers.

Topics of discussion included the commitment of locally owned and operated communications providers in Iowa to provide advanced services to rural Iowans and how the networks of Iowa's independent providers allow rural Iowans increased access to distance education, telehealth and other broadband-enabled services. The ITA Delegation discussed the need for increased bandwidth capacity for these services requires additional network investment.

The ITA Delegation also stated that the Order released on November 18, 2011 by the Commission in the above-referenced proceedings (the "*USF-ICC Transformation Order*") has caused much uncertainty and has stagnated network investment by Iowa's rural carriers.

The ITA Delegation discussed the results of a recent study published by the Wichita State University's Center for Economic Development and Business Research entitled "*Impact Analysis of the USF Transformation Order on the State of Iowa*" showing that 81% of respondents have reduced capital investments as a result of the changes to USF funding and projecting that employment at Iowa's locally owned and operated communications providers will decrease by about 9.7% from 2012 to 2017.

The ITA Delegation encouraged the Commission to encourage additional investment in Iowa by creating more regulatory certainty, by modifying or staying the implementation of the QRA, adopting the standalone broadband support mechanism, and treading carefully on rate of return re-prescription.

The ITA Delegation thanked the Commission for giving additional attention to rural call completion problems, but pointed out that the problem persists. The ITA Delegation also pointed to the six formal investigations being conducted by the Iowa Utilities Board relating to call completion complaints.

Consistent with the Commission's rules, this letter is being filed electronically with your office in the above captioned dockets. Please feel free to contact me if you have any questions.

Sincerely,

/s/ *David C. Duncan*
David C. Duncan
President, Iowa Telecommunications Association

cc: Priscilla Delgado Argeris
Rebekah Goodheart
Travis Litman

Iowa Economic Impact Study

FCC Ex Parte

July 30 and 31, 2013

Appendix

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W. Frank Barton School of Business

Center for Economic Development and Business Research

Impact Analysis of the USF Transformation Order on the State of Iowa

May 2013

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Contents

Summary

The Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University (CEDBR) conducted this study on behalf of the Iowa Telecommunications Association (ITA)[1] to evaluate the economic impact of the Universal Service Fund Transformation Order issued by the Federal Communications Commission on November 18, 2011, in the State of Iowa. The reduction in federal funding to Iowa telecommunications companies, as a result of the USF Transformation Order, will directly impact the revenue of these companies; and the change in revenue will lower employment, resulting in an economic and fiscal impact.

As a basis for this analysis, CEDBR used data from 100 of the 149 certified local exchange carriers in Iowa.[2] This data was provided by each company and included information about revenue, expenditures, employment, and customer counts.

The direct loss of employment is estimated to be 88 full-time equivalent jobs, resulting in the loss of $14.9 million in wages in the Iowa economy between 2013 and 2017. This represents a reduction of 9.7 percent from the 2012 employment level at these companies, and a 10.3 percent reduction in annual wages from the 2012 level.

The direct job losses are amplified in the economy due to indirect and induced effects. The decrease of jobs is at a ratio of 1.05 additional jobs lost, for each job lost at an Iowa telecommunications company. The loss of earnings of an employee decreases total earnings in the state economy by an additional 0.73 dollars for each dollar lost in wages by an Iowa telecommunications employee.

The total impact on the economy, including these indirect and induced effects, as a result of the loss of funding, is estimated to be a total of 181 jobs lost between 2013 and 2017. This will result in a total loss of wages of approximately $25.8 million. The lost wages will result in an estimated loss of $2.3 million in income and sales tax revenue to the state of Iowa during the same time period.

In addition to the impact analysis, a survey of 100 telecommunications providers in Iowa was conducted. In addition to moderate reductions in employment, the survey results indicated 81 percent of participants anticipate a reduction in capital expenditures as a result of the change in funding. Seventy-three percent indicated fees will increase on both regulated and unregulated services. Furthermore, 80 percent of survey respondents indicated the change in funding would generally cause a reduction in financial donations to community projects.

[1] The ITA represents 130 locally owned communications companies providing high-speed internet, digital TV, and phone service through wireline and wireless networks. ITA also represents Frontier Communications, a mid-size carrier. ITA does not represent Windstream, CenturyLink or about six other rural local exchange companies. Their data is not included in this study.

[2] A number of certified local exchange carriers are jointly owned or operated. There are approximately 130 rural local exchange operating companies in Iowa.

Introduction

In 2009, the Federal Communications Commission (FCC) created the National Broadband Plan (NBP) to encourage the development of broadband access across the country. As a result of this plan, in late 2011, the FCC released the USF Transformation Order. The order is expected to have far-reaching consequences for the telecommunications industry. As part of the order, USF funds previously directed to rural carriers, in support of wired and wireless access to rural citizens, may be redistributed to nonrural providers.

There are five stated goals of Universal Service as mandated by the Telecommunications Act of 1996: promote the availability of quality services at just, reasonable and affordable rates for all consumers; increase nationwide access to advanced telecommunications services; advance the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas, at rates that are reasonably comparable to those charged in urban areas; increase access to telecommunications and advanced services in schools, libraries and rural health care facilities; and provide equitable and non-discriminatory contributions from all providers of telecommunications services to the fund supporting universal service programs.[3]

The goals of universal services are widely applicable across the state of Iowa. There are significant areas of the state where the customers of the telecommunications providers are low income and/or rural. It can be prohibitively costly to provide telecommunications services in these areas where there are too few customers to cover the cost of telecommunications infrastructure investment. Passing the full cost of infrastructure investment on to customers may put the cost of the services beyond the reach of some local citizens.

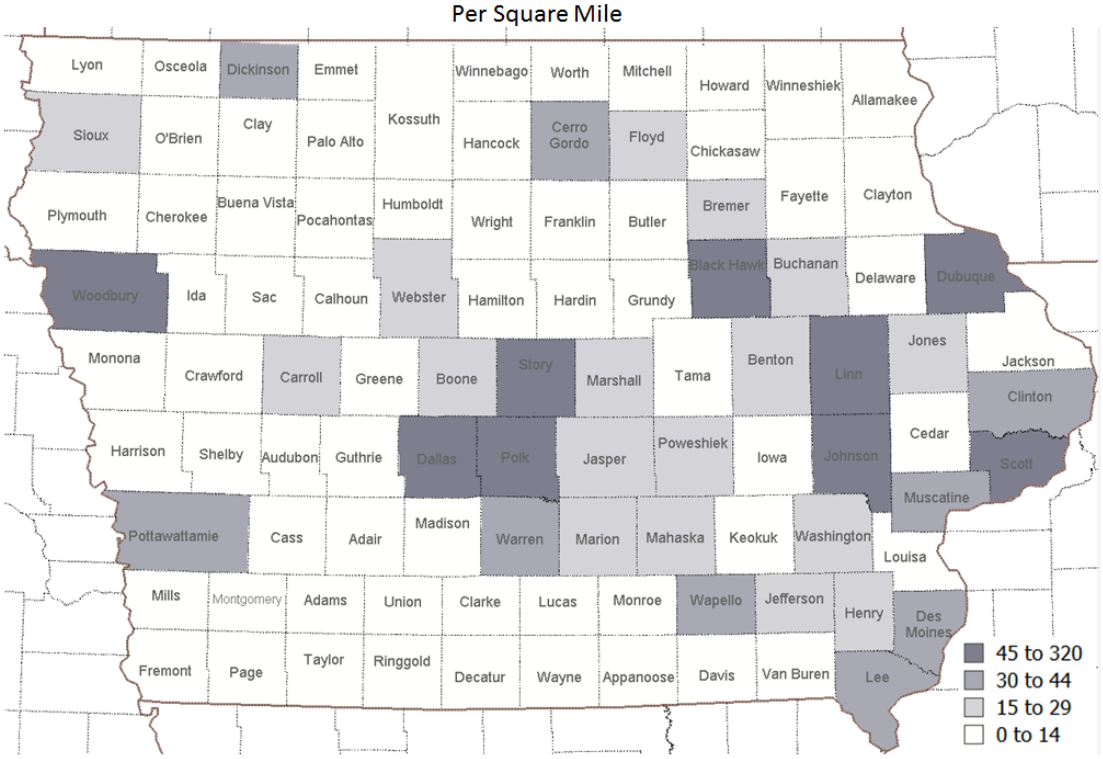
Only 18 percent of the counties in the state of Iowa have a median household income above the national median household income. The majority of these higher income counties are in metropolitan areas. Nineteen percent of counties in Iowa have a median household income below 80 percent of the national level. The majority of these counties are in the rural southern area of the state. The average median household income of the 99 Iowa counties is $47,782, 90 percent of the national median household income of $52,762.[4]

Iowa is also a rural state, with low housing density in many areas. Sixty-five percent of Iowa counties have fewer than 14 households per square mile, with an additional 17 percent of counties in the state with fewer than 30 households per square mile. There are only nine counties with more than 45 households per square mile.[5] Not only do many counties in Iowa currently have a low density of households, but that density is projected to decline over the next 30 years, as population declines.

[3] http://transition.fcc.gov/wcb/tapd/universal_service/
[4] U.S. Census Bureau, American Community Survey 5-year estimates
[5] U.S. Census Bureau, 2010 Census

Housing Units Density

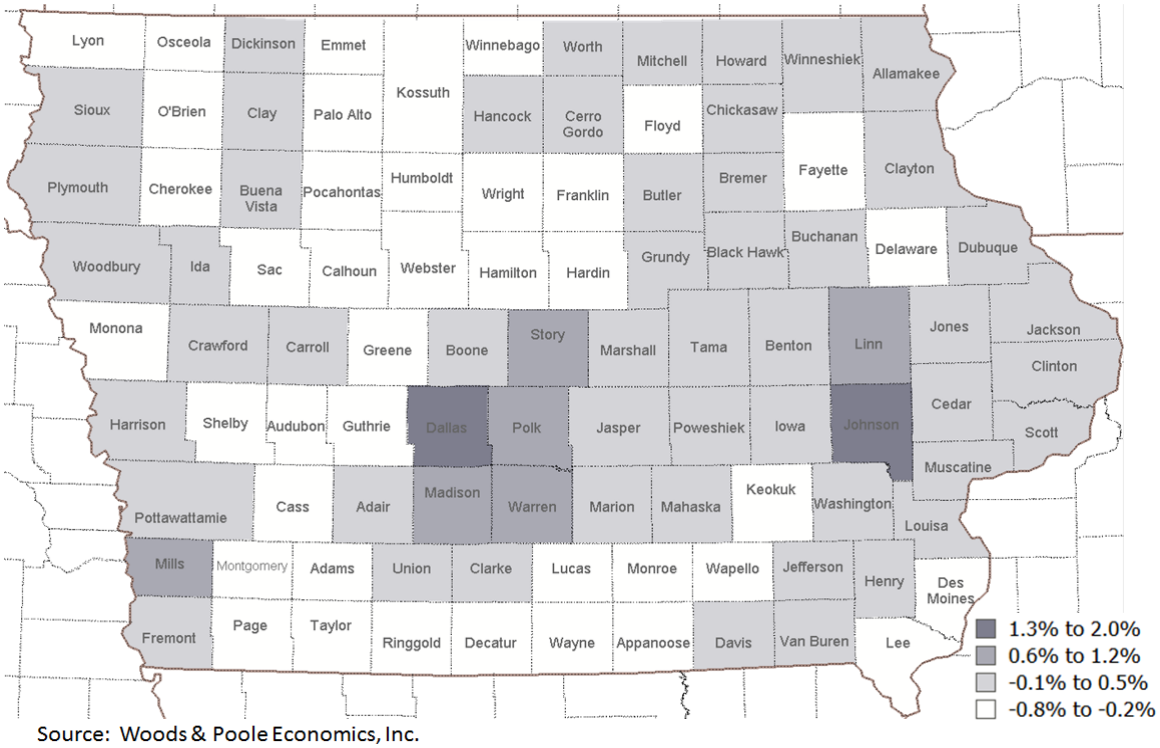
Per Square Mile



Source: U.S. Census Bureau, 2010 Census

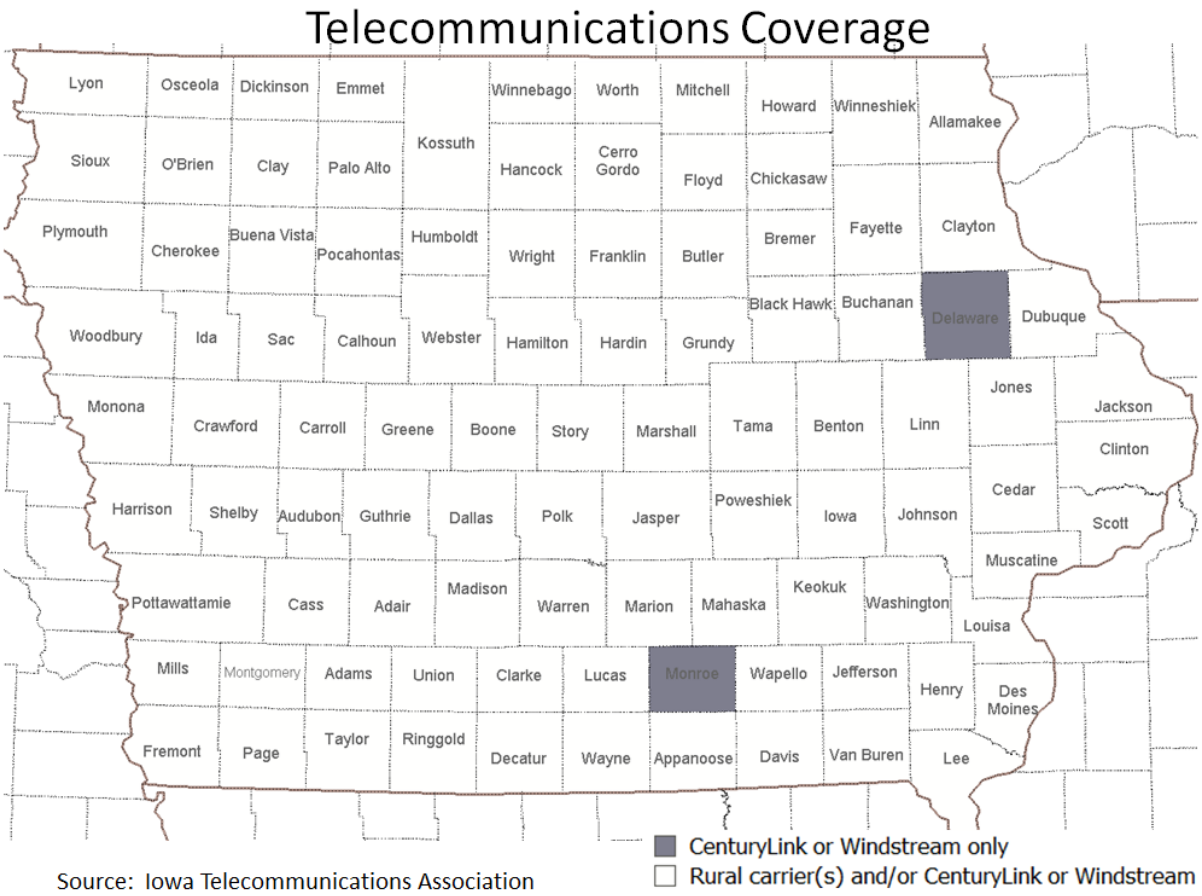
Annual Average Population Change

2010-2040



Source: Woods & Poole Economics, Inc.

Generally, the areas of low income, low household density and population decline currently receive telecommunications service from rural carriers. There are only two Iowa counties, Delaware and Monroe, which do not have a rural carrier and are only provided services by the larger interstate carriers, CenturyLink and/or Windstream.



Source: Iowa Telecommunications Association

The proposed reduction in funding to rural carriers has the potential to impact the Iowa economy in many ways, which include, but are not limited to, increased cost of telecommunication services to consumers, and a decline in employment at the local companies.

Seventy-three percent of the Iowa telecommunications companies surveyed indicated they anticipate an increase in fees for regulated and unregulated services due to the USF Transformation Order. An increase in fees may impact consumers in rural areas differently, depending on carrier options in their area. Across the state there are a variety of markets served by rural carriers. They are sometimes, but not always, the only provider of phone service. Depending on the availability of alternative service providers, consumers will react differently to a potential increase in the cost of phone service. Telephone calls are highly elastic between service options.[6] This means that as the price of service

[6] Train, Kenneth E., Daniel L. McFadden and Moshe Ben-Akiva, The demand for local telephone service: A fully discrete model of residential calling patterns and service choices, *The Rand Journal of Economics,* Spring 1987, Vol.18 NO. 1, ABI/INFORM Global, pg. 109

increases, consumers will easily move between available service providers to find a lower price. However, access to telephone service is inelastic.[7] In areas where there is only one provider, consumers are not sensitive to price. As the price of the service increases they will pay the higher price to keep the service and reduce their spending in other areas. The estimation of the full economic impact of the potential change in consumer spending in other areas is beyond the scope of this report. However, it is possible to say increased telephone cost would decrease economic activity in other areas.

It is not possible to quantitatively estimate the economic impact of the change in consumer spending patterns that may result from the USF Transformation Order. However, it is possible to estimate the economic impact of the withdrawal of the federal support dollars and the resulting loss of employment.

Economic Impact

To estimate the fiscal and economic impacts of the proposed redistribution of USF funding in the Iowa economy, CEDBR used data from rural carriers in Iowa. The results were calculated using the CEDBR Fiscal Benefit-Cost Model.[8] The model takes into account industry substitution and multipliers. In addition, it looks at the flow of money from a company to taxing districts and the flow from the taxing district to the company.

Methodology

The CEDBR Fiscal Benefit-Cost Model takes each benefit and applies the appropriate tax scenario. As an example, an employee is paid a wage on which income taxes are paid. The employee spends his or her income on retail trade, which is assessed a retail sales tax. It is assumed that 50 percent of all wages are subject to retail sales tax. It is further assumed that 100 percent of wages are subject to federal income tax, as well as state income tax. In the Fiscal Benefit-Cost Model all data used are subject to a substitution and a multiplier effect.

Substitution occurs when new investment merely displaces current resources and jobs from one entity to another. This analysis measures the impact of all business activity within Iowa. Substitution effects were excluded in this application of the model due to the fact that all USF funds are an inflow of federal dollars. Therefore, all USF funds are new to the area and would not currently exist within Iowa without the rural carriers.

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[7] Ellig, Jerry, Costs *and Consequences of Federal Telecommunications and Broadband Regulations,* Washington: Fall 2005, Vol. 28, No.3, pg. 40-44.

[8] This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "forward-looking statements"). These forward-looking statements are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. Holding all else constant, CEDBR believes that all forward-looking statements it provides are reasonable, based on the information and data available at the time of writing. Actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume responsibility for any and all decisions made, or actions taken, based upon the forward-looking statements provided by CEDBR.

RIMS II multipliers from the Bureau of Economic Analysis, aggregated for the State of Iowa, were used to calculate total economic impacts from industry contraction, net of substitution. The notion of a multiplier effect arises due to the interrelatedness of local industries. For example, if the demand in an industry increases, this will lead to an increase in demand from industry suppliers. Therefore, payroll increases as a direct result of the expanding firm's operations and indirectly as a result of the expanding firm's increase in demand for locally supplied inputs. The multiplier also addresses the relationship between wages and employee demands on supporting industries, such as retail trade. There is a need for additional employees, who earn wages, as sales in retail trade industries increase. This induced effect measures the impact of expenditures of direct and indirect employees to retail and other industries. The total effect of expansion is the sum of these direct, indirect and induced effects.

Direct effect multipliers are reported for both employment and earnings impacts and were used in determining the direct effect of employment and wages. Direct effect multipliers calculate the change in total employment based on a change in a specific industry's employment.

Limitations

CEDBR acknowledges that additional impacts occur from the existence of Iowa telecommunications providers. Impacts that are beyond the scope of this study include, but are not limited to: Intercarrier Compensation Reform; consolidation of telecommunications companies; the value of community donations; the value of volunteer time; community leadership; economic development leadership; and disruption of telecommunication or broadband services provided to schools, libraries, hospitals and health clinics.

If USF funds were not used to provide Iowa telecommunications companies support, they would be available for alternative use. Estimating the potential economic impact of alternative uses of these opportunity costs was beyond the scope of this analysis.

Data Estimates

As a basis for this analysis, CEDBR used data from 100 of the 149 certified local exchange carriers in Iowa. This data was provided by each company and included information about revenue, expenditures, employment, and customer counts. In the development of the model and in the preparation of analysis using the model, the CEDBR assumed, and continues to assume, that all information and data provided was and is accurate and reliable. CEDBR does not take extraordinary steps to verify or audit such information, but relies on such information and data as provided for purposes of the project.

The initial phase of the project required CEDBR to define the time period under analysis. The time period defined uses data from 2009 through 2012, year-end unaudited data. Data was projected for 2013 through 2017, beginning with a five percent decline in anticipated revenues in 2013 and increasing the decline by one percent each year, ending with nine percent decline in 2017. This projection was formulated based on consultation with members of the Iowa Telecommunications Association. This analysis focuses on the economic impact of this decline in business activity within Iowa.

Impact Results

The reduction in federal funding to Iowa telecommunications companies, as a result of the USF Transformation Order, will directly impact the revenue of these companies; and the change in revenue will lower employment, resulting in an economic and fiscal impact. To quantify this impact, CEDBR has used two scenarios. The declining USF scenario includes the projected impacts of the loss of USF funding. The constant USF scenario assumes that USF funding would remain constant through the analysis period. The impact, of the loss of funding, is calculated based on the difference between these two scenarios.

Projected Revenues and Expenditures

Actual revenue, USF funding and expenditure data were provided for 2009 through 2012, year-end unaudited. Revenue and USF funding estimates for years 2013 through 2016 were provided; this is the declining USF scenario. For comparison, CEDBR assumed that USF revenues would remain constant through the analysis period. Constant USF funding revenues were calculated by adding projected revenue, net of USF, to USF funding held constant at the 2012 level; this is the constant USF scenario.

Expenses were provided for 2009 through 2012; expenditures were approximately 97 percent of revenues. CEDBR forecasted both declining USF funding and constant USF funding expenditures by taking revenues for the given time period times 97 percent. Based on this calculation, expenses are projected to decline at the same rate as revenues. It should be noted this is a conservative estimate. It is possible that operational expenditures could increase as a percent of revenues, as capital expenditures are reduced and the stock of telecommunications equipment ages.

The estimated change in revenue and expenditures, due to changes in USF, is calculated by year. The total decrease in revenues over the five-year period is estimated to be 6.4 percent, beginning with a decrease of 2.4 percent in 2013, and increasing to a decrease of 11.8 percent by 2017.

Estimated Revenue

	Declining USF Scenario	Constant USF Scenario	$ Change	% Change
2013	$157,249,280	$161,058,587	-$3,809,307	-2.4%
2014	$147,913,629	$153,883,181	-$5,969,552	-3.9%
2015	$138,060,957	$147,214,513	-$9,153,556	-6.2%
2016	$127,645,273	$140,110,656	-$12,465,383	-8.9%
2017	$117,301,030	$133,047,506	-$15,746,476	-11.8%
Total	$688,170,169	$735,314,443	-$47,144,274	-6.4%

Sums may not add to totals due to rounding.

Employment and Wages

Wages and full-time equivalent employment data were provided for 2009 through 2012. Employment data was estimated based on revenue per employee. Average revenue per employee was approximately $180,000 between 2009 and 2012, indicating that to hire an additional employee revenues would need to increase by $180,000. On the other side, each time revenue declines by $180,000 a company would need to reduce employment by one employee. Using this assumption, CEDBR estimated employment 2013 through 2017 for the projected decline in USF funding and for constant USF funding.

Over the five-year study period, Iowa telecommunications companies are estimated to employ 88 fewer workers if USF funding is reduced, this represents 9.7 percent of the 2012 employment levels at these companies. Employment reductions are estimated to happen at an increasing rate during the study period.

Employment

	Declining USF Scenario	Constant USF Scenario	# Change	% Chg. From 2012 Total Emp.
2013	875	896	-21	-2.3%
2014	823	856	-33	-3.7%
2015	768	819	-51	-5.6%
2016	710	779	-69	-7.6%
2017	652	740	-88	-9.7%

Sums may not add to totals due to rounding.

Total wages paid was projected for years 2013 through 2017 based on the annual gross payroll and employment data provided for 2009 through 2012. Total direct loss of wages in the Iowa economy due to the change in USF funding is estimated to be $14.9 million. The initial loss of wages in 2013 is estimated to be $1.1 million, or 2.3 percent of 2012 wages. This is projected to increase to a loss of $5.1 million, or 10.3 percent of 2012 wages, in 2017.

Wages

	Declining USF Scenario	Constant USF Scenario	$ Change	% Chg. From 2012 Total Wage
2013	$47,123,125	$48,254,080	-$1,130,955	-2.3%
2014	$45,209,118	$47,021,878	-$1,812,759	-3.6%
2015	$43,031,610	$45,889,178	-$2,857,568	-5.7%
2016	$40,577,463	$44,520,907	-$3,943,444	-7.9%
2017	$38,007,938	$43,137,844	-$5,129,906	-10.3%
Total	-	-	-$14,874,632	-

Sums may not add to totals due to rounding.

Many jobs in the telecommunications industry require a high level of skill and expertise. The average annual wage of an Iowa telecommunications company employee between 2009 and 2012 was $53,855. This is 113 percent of the average median wage of Iowa counties. There are only 14 counties in Iowa with a median wage above the average annual wage of a telecommunications employee. Potentially, the jobs and associated wages that will be lost as a result of the reduction in USF funding will not be easily replaced in the rural Iowa economy.

Furthermore, staffing reductions, although necessary due to the change in revenues, may be difficult to achieve without a detrimental impact on the companies' ability to provide services. These are small companies, with an average of nine employees, many of which have fewer than five employees. It simply may not be possible to lay-off employees and maintain operations.

Economic and Fiscal Impacts

The reduction in USF funding to Iowa telephone companies is estimated to be approximately $47.1 million dollars between 2013 and 2017. The total impact of this loss of funding in the state economy combines direct loss of jobs with the indirect and induced effects. The decline in economic activity, as a result of the reduced employment, lowers sales and income tax revenue to the state.

The direct loss of an estimated 88 jobs and $14.9 million in wages are amplified in the economy as a result of the indirect and induced effects. The ratio of direct employment at an Iowa telecommunications company and indirect and induced jobs in the community is 1.05. The ratio of direct earnings is 0.73 dollars for each dollar earned by an Iowa telecommunications company employee. The total loss of employment, including these effects, is estimated to be: 43 jobs and $2.0 million in wages in 2013; 68 jobs and $3.1 million in wages in 2014; 105 jobs and $5.0 million in wages in 2015; 142 jobs and $6.8 million in wages in 2016; 181 jobs and $8.9 million in wages in 2017.

As a result of these job losses, the State of Iowa is estimated to lose personal income taxes in the total amount of $1.5 million during the five years covered by the projections. The loss of wages in the economy will also reduce retail sales tax collections by an estimated amount of $773,466, at the state level, in the years covered by the projection.

Economic Impact - Declining USF Funding Scenario

	Direct Employment	Total Employment	Direct Wages	Total Wages	Iowa Retail Sales Tax	Iowa Income Tax
2013	875	1,798	$47,123,125	$81,678,513	$2,450,355	$4,904,055
2014	823	1,691	$45,209,118	$78,360,965	$2,350,829	$4,682,821
2015	768	1,578	$43,031,610	$74,586,689	$2,237,601	$4,436,700
2016	710	1,459	$40,577,463	$70,332,917	$2,109,988	$4,164,651
2017	652	1,340	$38,007,938	$65,879,160	$1,976,375	$3,883,464
Total	-	-	$213,949,255	$370,838,243	$11,125,147	$22,071,692

Sums may not add to totals due to rounding.

Economic Impact - Constant USF Funding Scenario

	Direct Employment	Total Employment	Direct Wages	Total Wages	Iowa Retail Sales Tax	Iowa Income Tax
2013	896	1,841	$48,254,080	$83,638,797	$2,509,164	$5,021,752
2014	856	1,759	$47,021,878	$81,503,020	$2,445,091	$4,870,589
2015	819	1,683	$45,889,178	$79,539,712	$2,386,191	$4,731,325
2016	779	1,600	$44,520,907	$77,168,088	$2,315,043	$4,569,385
2017	740	1,520	$43,137,844	$74,770,825	$2,243,125	$4,407,613
Total	-	-	$228,823,886	$396,620,442	$11,898,613	$23,600,664

Sums may not add to totals due to rounding.

Economic Impact - Potential Change in Funding

	Direct Employment	Total Employment	Direct Wages	Total Wages	Iowa Retail Sales Tax	Iowa Income Tax
2013	-21	-43	-$1,130,955	-$1,960,284	-$58,809	-$117,697
2014	-33	-68	-$1,812,759	-$3,142,056	-$94,262	-$187,768
2015	-51	-105	-$2,857,568	-$4,953,022	-$148,591	-$294,625
2016	-69	-142	-$3,943,444	-$6,835,171	-$205,055	-$404,734
2017	-88	-181	-$5,129,906	-$8,891,666	-$266,750	-$524,149
Total	-	-	-$14,874,632	-$25,782,199	-$773,466	-$1,528,972

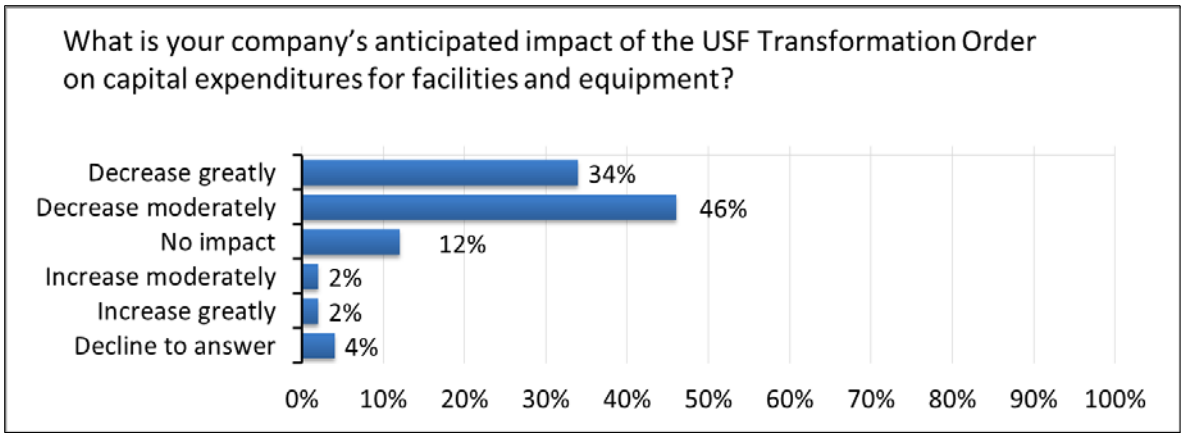
Sums may not add to totals due to rounding.

Survey Results

In addition to gathering data from the rural carriers in Iowa, CEDBR conducted a survey to gather information on the impacts of the USF Transformation Order that are more difficult to quantify. These qualitative measures include: changes to capital expenditures, fee adjustments, changes to employment and wages, and community involvement. There was an 87 percent survey participation rate, with a distribution of 115 surveys.

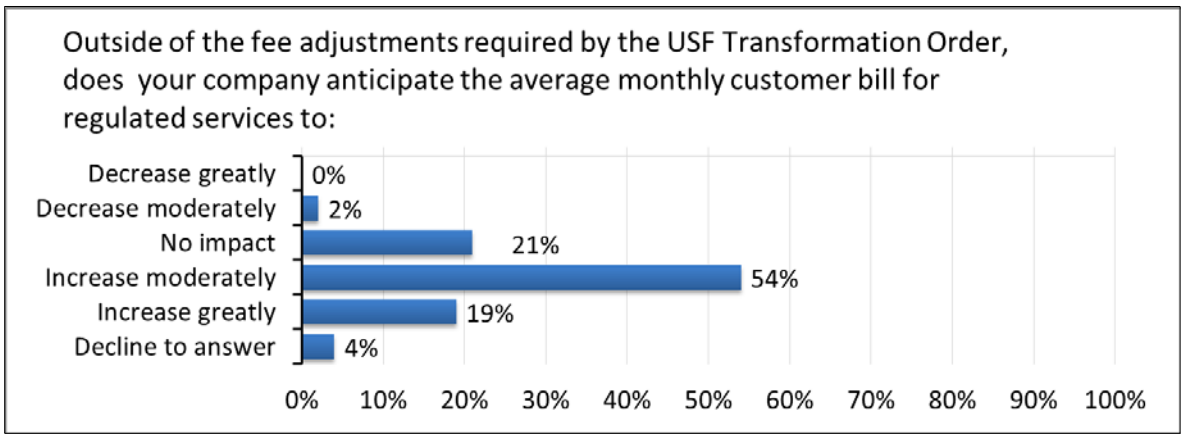
Capital Expenditures

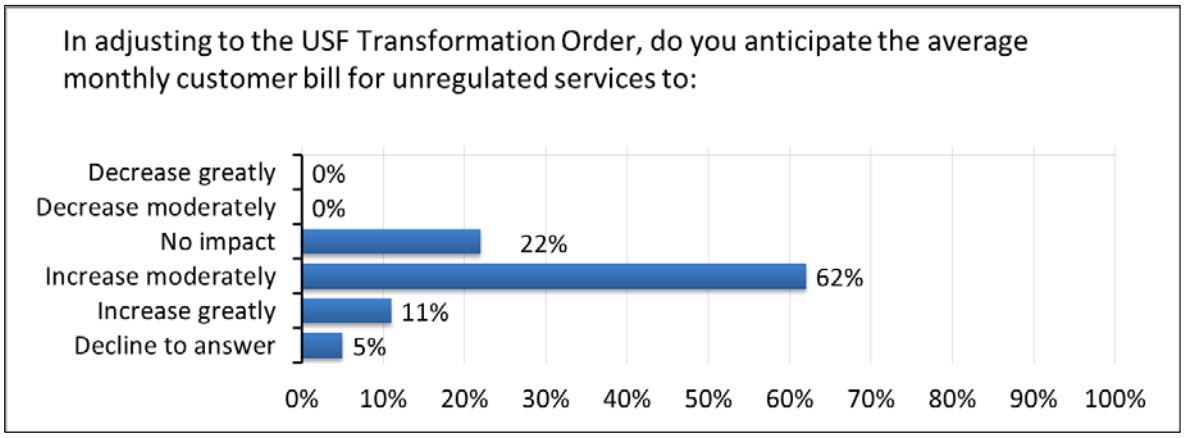
Based on the survey responses, 81 percent of the telephone companies surveyed anticipate adjusting to the reduction in funding from the USF Transformation Order by reducing spending on facilities and equipment.



Fee Adjustments

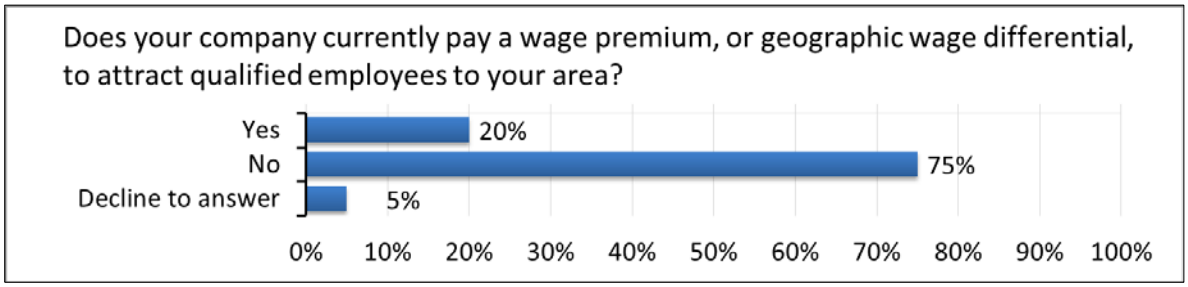
The USF Transformation Order does allow for an increase in the local service rate to telecommunication customers. However, 73 percent of respondents to the survey anticipate there will be further rate increases for both regulated and unregulated services.

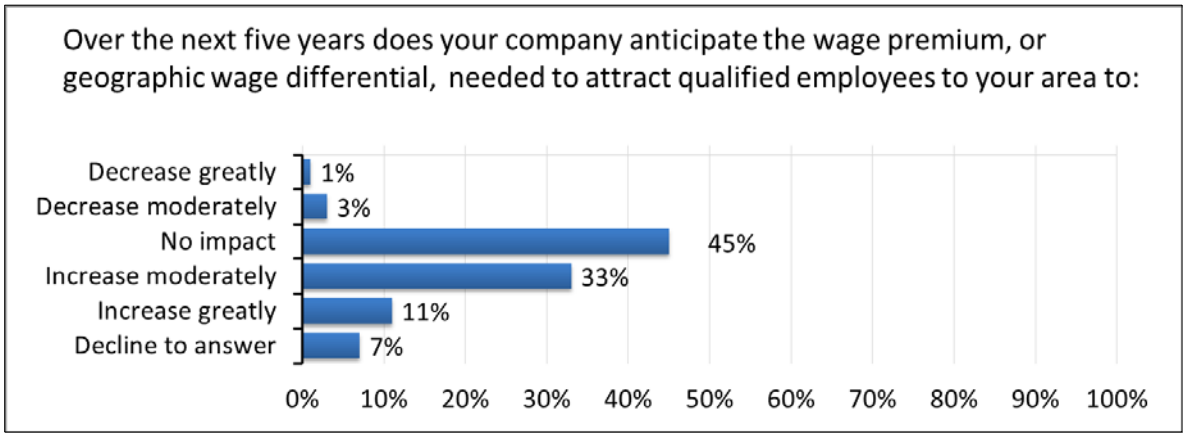




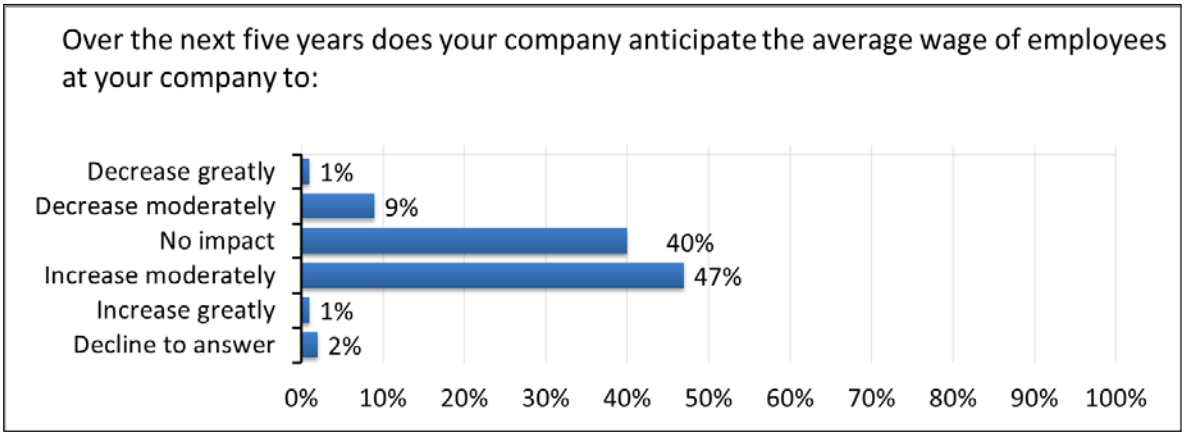
Employment and Wages

Some jobs in the telecommunications industry require a high level of specific skills. Due to the rural location of many of these companies, it is occasionally necessary to increase salaries to incentivize qualified employees to relocate to the area. Twenty percent of the telephone companies participating in the survey currently pay this type of wage premium. Furthermore, 44 percent of participating companies expect the wage premium needed to attract and retain qualified employees to increase, to some degree, over the next five years.

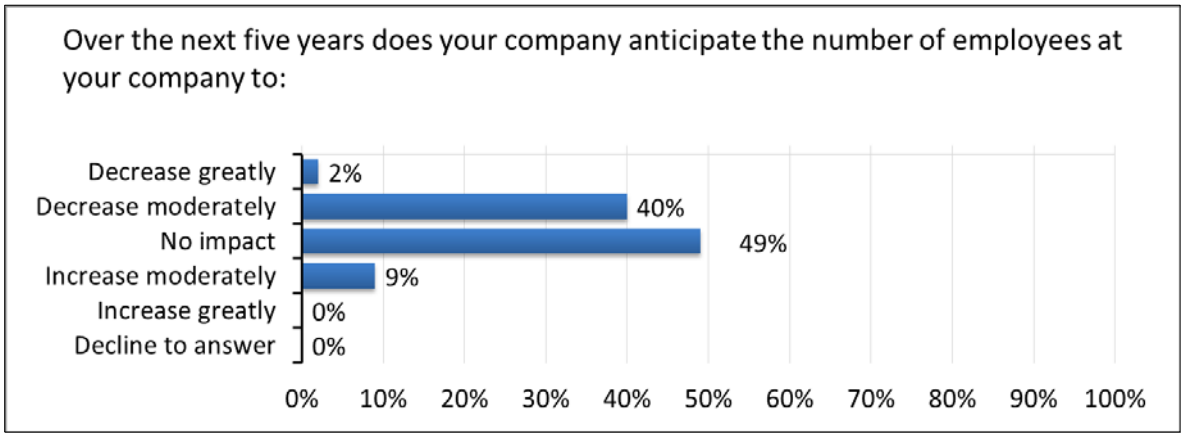




Generally, over the next five years, wages at these companies are expected to remain at current levels, or increase moderately. Due to the technical nature of many of these jobs, wage increases are needed to retain qualified employees, regardless of funding decreases.

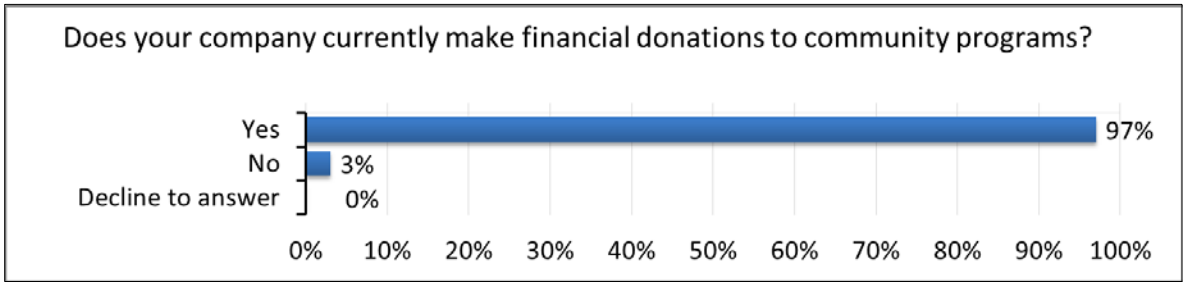


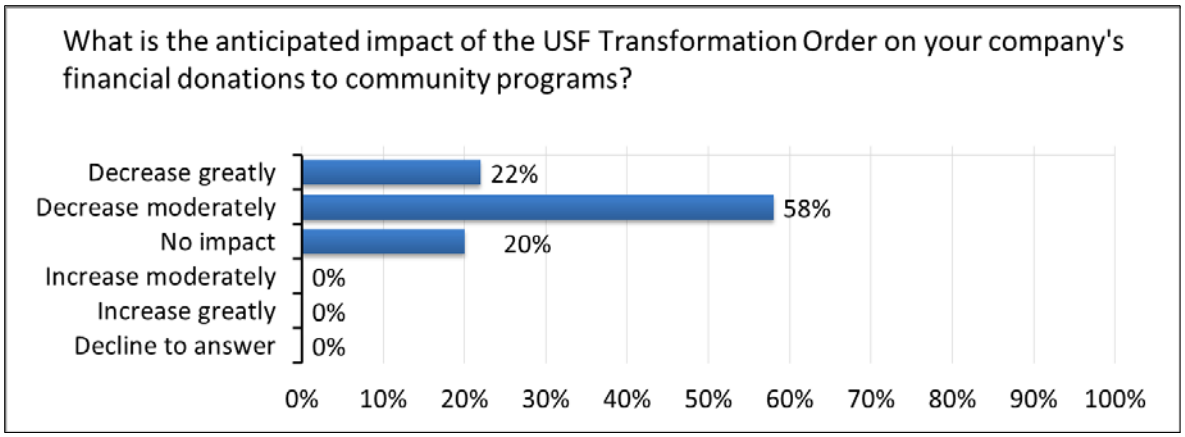
Nearly half of the responding companies do not expect the changes in funding to significantly impact the current level of employment. These are small companies, with an average of nine employees, many of which have fewer than five employees. It simply may not be possible to implement lay-offs and maintain operations. However, 40 percent of the responding companies do anticipate a moderate decrease in employment over the next five years.

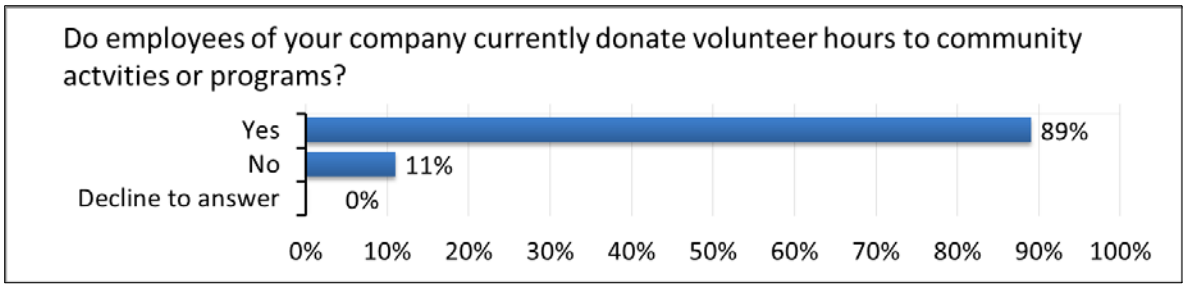


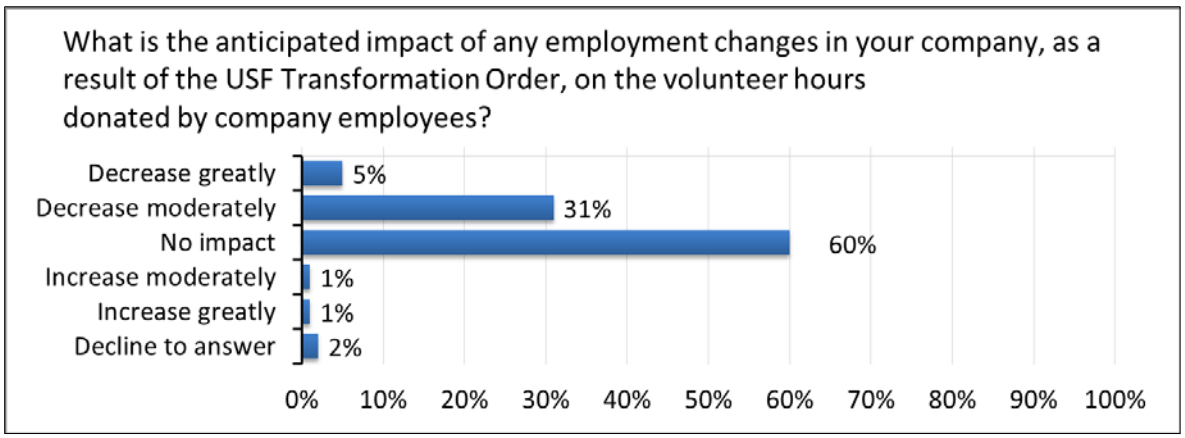
Community Involvement

Iowa telecommunication companies are very active in their communities, with 97 percent donating money to community programs and 89 percent donating volunteer hours to community programs. It is anticipated that the changes from the USF Transformation Order will negatively impact the level of community participation of these companies. Eighty percent of companies anticipate a reduction in the level of financial donations and 36 percent anticipate donating fewer volunteer hours.




What is the anticipated impact of the USF Transformation Order on your company's financial donations to community programs?
Decrease greatly
Decrease moderately
No impact
Increase moderately
Increase greatly
Decline to answer
22%
58%
20%
0%
0%
0%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%


Do employees of your company currently donate volunteer hours to community actvities or programs?
Yes
No
Decline to answer
89%
11%
0%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%


What is the anticipated impact of any employment changes in your company, as a result of the USF Transformation Order, on the volunteer hours donated by company employees?
Decrease greatly
Decrease moderately
No impact
Increase moderately
Increase greatly
Decline to answer
5%
31%
60%
1%
1%
2%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Conclusion

The reduction in funding as a result of the USF Transformation Order to Iowa telephone companies is estimated to be approximately $47.1 million dollars between 2013 and 2017. The proposed reduction in funding has the potential to impact the Iowa economy in many ways, which include, but are not limited to, the following:

- Seventy-three percent of survey respondents indicated there would be an increase in fees for regulated and unregulated services.
- Eighty percent of the telecommunication companies surveyed indicated they would decrease donations to community projects.
- The direct loss of employment is estimated to be 88 full-time equivalent jobs, or a reduction of 9.7 percent from 2012 levels. The associated loss of wages is estimated to be $14.9 million, or a reduction of 10.3 percent from the 2012 level, between 2013 and 2017.
- The USF Transformation Order could create an estimated total loss, including indirect and induced effects, of 181 jobs and the associated $25.8 million dollars in wages in the Iowa economy, between 2013 and 2017.
- The loss of employment and wages is estimated to result in a loss of $2.3 million dollars in tax revenue to the state of Iowa, between 2013 and 2017.

Participating Companies

Impact Data Participants

Alliance Communications Cooperative, Inc. (Hills Telephone Company), Garretson, SD
Alpine Communications, LC, Elkader, IA
Andrew Telephone Co. Inc., LaMotte, IA
Ayrshire Farmers Mutual Telephone Co., Ayrshire, IA
Baldwin-Nashville Telephone Co., Inc., Baldwin, IA
Barnes City Cooperative Telephone Co., Barnes City, IA
Bernard Telephone Co., Inc., Bernard, IA
Breda Telephone Corp., Breda, IA
BTC, Inc., Breda, IA
Cascade Communications Co., Cascade, IA
Center Junction Telephone Co., Inc., Center Junction, IA
Citizens Mutual Telephone Cooperative, Bloomfield, IA
Clear Lake Independent Telephone Co., Clear Lake, IA
C-M-L Telephone Cooperative Assoc., Meriden, IA
Colo Telephone Co., Colo, IA
Coon Valley Cooperative Telephone Assoc. Inc., Menlo, IA
Cooperative Telephone Exchange, Stanhope, IA
Cumberland Telephone Co., Cumberland, IA
Danville Mutual Telephone Co., Danville, IA
Dumont Telephone Co., Dumont, IA
Dunkerton Telephone Cooperative, Dunkerton, IA
F&B Communications, Inc., Wheatland, IA
Farmers & Merchants Mutual Telephone, Wayland , IA
Farmers Cooperative Telephone Co., Dysart, IA
Farmer's Mutual Coop Telephone Co., Moulton, IA
Farmers Mutual Telephone Co., Jesup, IA
Farmers Mutual Telephone Co. (dba OmniTel Communications), Nora Springs, IA
Farmers Mutual Telephone Co. of Stanton, Iowa, Stanton, IA
Farmers Mututal Cooperative Telephone Co., Moulton, IA
Farmers Telephone Co., Riceville (dba OmniTel Communications), Nora Springs, IA
Fenton Cooperative Telephone Co., Fenton, IA
Goldfield Access Network, Goldfield , IA
Goldfield Telephone Co., Goldfield , IA
Grand Mound Cooperative Telephone Assoc., Grand Mound, IA
Grand River Mutual Telephone Corp. (Iowa Portion Only), Princeton, MO
Hawkeye Telephone Co., Hawkeye, IA
Heart of Iowa Communications Cooperative, Union, IA
Heartland Telecommunications Co. of Iowa, Inc., Mankato, MN
Hospers Telephone Exchange dba HTC Communications, Inc., Hospers, IA
Hubbard Cooperative Telephone Assoc., Hubbard, IA
Huxley Communications, Huxley, IA
Interstate 35 Telephone Co., Truro, IA

Jefferson Telephone Co., Jefferson, IA
Kalona Cooperative Telephone Co., Kalona, IA
Keystone Farmers Cooperative Telephone Co., Keystone, IA
La Porte City Telephone, Elkader, IA
LaMotte Telephone Co., LaMotte, IA
Lone Rock Cooperative Telephone, Lone Rock, IA
Lost Nation-Elwood Telephone Co., Lost Nation, IA
Marne & Elk Horn Telephone Co., Elk Horn, IA
Massena Telephone Co., Massena, IA
Miles Coop Telephone Co., Miles, IA
Minburn Telecommunications, Inc., Woodward, IA
Minburn Telephone Co., Minburn, IA
Minerva Valley Telephone Co., Zearing, IA
Modern Cooperative Telephone Co., South English, IA
Mutual Telephone Co., dba Premier Communications, Sioux Center, IA
North English Cooperative Telephone Co., North English, IA
Northeast Iowa Telephone Co., Monona, IA
Northern Iowa Telephone Co., dba Premier Communications, Sioux Center, IA
Northwest Telephone Cooperative Assoc., Havelock, IA
Olin Telephone Co., Olin, IA
Onslow Cooperative Telephone Assoc., Onslow, IA
Palmer Mutual Telephone Co., Palmer, IA
Palo Cooperative Telephone Assoc., Palo, IA
Panora Communications Cooperative, Panora, IA
Prairie Telephone Co., Inc., Breda, IA
Prairieburg Telephone Co., Inc., Prairieburg, IA
Preston Telephone Co., Preston, IA
Radcliffe Telephone Co., Inc., Radcliffe, IA
Readlyn Telephone Co., Readlyn, IA
Ringsted Telephone Co. , Ringsted, IA
River Valley Telecommunications Coop, Graettinger, IA
Royal Telephone Co., Royal, IA
Sac County Mutual Telephone Co., Odebolt, IA
Schaller Telephone Co., Schaller, IA
Scranton Telephone Co., Scranton, IA
South Central Communications, Inc., Princeton, MO
South Slope Cooperative Telephone Co., North Liberty, IA
Southwest Telephone Exchange, Truro, IA
Superior Telephone Cooperative, Superior, IA
Templeton Telephone Co., Templeton, IA
Terril Telephone Cooperative, Terril, IA
Titonka Telephone Co., Titonka, IA
United Farmers Telephone Co., Everly, IA
Van Buren Telephone Co., Keosauqua, IA
Van Horne Cooperative Telephone Co., Van Horne, IA
Ventura Telephone Co., Inc., Clear Lake, IA
Villisca Farmers Telephone Co., Stanton, IA
Walnut Telephone Co., Inc., Walnut, IA

Webb-Dickens Telephone Co., dba Premier Communications, Sioux Center, IA
Webster-Calhoun Cooperative Telephone Assoc., Gowrie, IA
West Iowa Telephone Co., Remsen, IA
West Liberty Telephone Co., dba Liberty Communications, West Liberty, IA
Western Iowa Telephone Assoc., Lawton, IA
Westside Independent Telephone Co., Breda, IA
Winnebago Cooperative Telephone Assoc., Lake Mills, IA
Woolstock Mutual Telephone, Woolstock, IA
WTC Communications, Wilton, IA
Wyoming Mutual Telephone Co., Wyoming, IA

Survey Participants

Ace Communications Group
Alliance Communications
Alpine Communications, L.C.
Atkins Telephone Co., Inc.
Ayrshire Farmers Mutual Telephone Co.
Baldwin-Nashville Telephone Co., Inc.
Bernard Telephone Co., Inc.
Brooklyn Mutual Telecommunications Cooperative
Cascade Communications Co.
Central Scott Telephone Co.
Citizens Mutual Telephone Cooperative
Clear Lake Independent Telephone Co.
C-M-L Telephone Cooperative Assoc.
Colo Telephone Co.
Communications 1 Network, Inc.
Coon Valley Cooperative Telephone Assoc., Inc
Cooperative Telephone Co.
Cooperative Telephone Exchange
Corn Belt Telephone Co.
Cumberland Telephone Co.
Danville Telecom
Dumont Telephone Co.
Dunkerton Telephone Cooperative
Ellsworth Cooperative Telephone Assoc.
Evertek
F & B Communications, Inc.
Farmers & Merchants Mutual Telephone Co.
Farmers Cooperative Telephone Co.
Farmers Mutual Cooperative Telephone Co.
Farmers Mutual Cooperative Telephone Co.
Farmers Mutual Telephone Co.
Farmers Mutual Telephone Co. of Stanton
Farmers Telephone Co.
Fenton Cooperative Telephone Co.
Goldfield Telephone Co.
Grand Mound Cooperative Telephone Assoc.
Grand River Mutual Telephone Corp.
Hawkeye Telephone Co.
Heart of Iowa Communications Cooperative
Hickory Tech
HTC Communications
Hubbard Cooperative Telephone Assoc.
Huxley Communications Cooperative
Interstate Communications
Jefferson Telephone Co.
Kalona Cooperative Telephone Co.
Keystone Communications
La Motte Telephone Co.
La Porte City Telephone Co.
Lehigh Valley Coop Telephone Assoc.
Liberty Communications
Lone Rock Cooperative Telephone Co.
Lost Nation-Elwood Telephone Co.
Mabel Cooperative Telephone Co.
Marne & Elk Horn Telephone Co.
Martelle Cooperative Telephone Assoc.
Massena Telephone Co.
Mechanicsville Telephone Co.
Miles Cooperative Telephone Assoc.
Minburn Communications
Modern Cooperative Telephone Co.
North English Coop Telephone Co.
Northeast Iowa Telephone Co.
Northwest Communications
Ogden Telephone Co.
Olin Telephone Co.
OmniTel Communications

Onslow Cooperative Telephone Assoc.
Palmer Mutual Telephone Co.
Palo Cooperative Telephone Assoc.
Panora Communications Cooperative
Partner Communications Cooperative
Prairieburg Telephone Co., Inc.
Premier Communications
Preston Telephone Co.
Radcliffe Telephone Co., Inc.
RingTel Communications
River Valley Telecommunications Cooperative
RTC Communications
Sac County Mutual Telephone Co.
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South Slope Cooperative Communications Co.
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Western Iowa Networks
Winnebago Cooperative Telecom Assoc.
Woolstock Mutual Telephone Assoc.
WTC Communications Inc.
Wyoming Mutual Telephone Co.